

The Northrock Resources Case Study

Building Bench Strength: Integrating On-site Continuous Improvement at Northrock Resources

How a leading Oil and Gas Company Provides Leadership Tools to its Employees

Company: Northrock Resources Ltd.

Business: Acquisitions, exploration and development of petroleum and natural gas.

Employees: 220

CEO: Donald R. Hansen, President & CEO

Strategy: Provide on-site leadership training

Question: Will leadership training have traction after the training is over?

Introduction

Outsourcing your leadership training seems like a win-win. But what really happens after the joy and high of that popular weekend seminar is over?

Many people feel inspired for a short time, but then return to their old ways. Thus, many companies question the measurable returns behind leadership/management training initiatives.



Vice President Production Andy Mah of Northrock doesn't put a lot of stock in weekend "feel good" training seminars.

Instead, he hired PQI (Performance Quest International -formerly CEM), a performance management company, to take Northrock's foremen, superintendents, and selected managers through intensive on-the-job leadership training.

"One of the things I told everyone is that we weren't broke. We're a good company that wants to get better," says Mah.

"I consider Northrock a leading organization. I believe people remain our greatest resource."

The Goals

1. Improve and promote learning
2. Enhance people skills
3. Increase employee satisfaction
4. Improve the bottom line
5. Empower employees with proper tools
6. Begin a pilot project that could be extended to other groups
7. Maintain competitive advantage and develop new advantages

The Process

One of the key features of PQI's training and implementation process

involves a team of consultants working throughout the management chain. From the management on the 37th floor of Calgary's Scotia Centre to the foremen who work on the oil and gas fields hundreds of kilometers away, consultants are able to scrutinize the major issues. The PQI consultants assigned to this project, see great business value in working from top to bottom of the management chain.

“For our process to succeed, we require buy-in throughout the organization,” say PQI consultants who have worked with Northrock personnel on leadership, performance metrics, and business issues.

“We gathered Northrock people and brainstormed a wish list on all their needs and issues. From that list we created an overall strategy and a clear tactical plan.”

Building Bench Strength

According to Mah, a 20-year industry veteran, Northrock's business advantage exists in developing the “leadership potential” of his team. Using a sports analogy, Mah calls PQI's role ‘building bench strength’ to improve the operations of an already excellent, leading edge company.

“We continue to build our skills on leadership with all of our employees. We see great value in helping our operations people enhance their technical skills and learn the business tolls that will help them succeed in a highly competitive business.



Rocky Mountain House

Hundreds of kilometers away in a tidy office in Rocky Mountain House, Alberta,

Reg Beck, Area Superintendent, echoes Mah's words. Beck, himself a former junior hockey player understands that winning means developing leadership skills from within. He points to veteran foreman, Marc Spencer, who's found new strength and business savvy thanks to coaching from PQI.

“The old Marc,” he states, “was a doer, and not necessarily a listener.”



‘Now, I try to support my guy's,’ adds Marc. “The new Marc gets a lot more done by orchestrating the talents of my great

team. I love working with Reg and Marlon. They understand how to build a team.”

Beck, a tall and very enthusiastic man, points to his mentorship by Northrock's Manager of Operations, Marlon McDougall.

“Marlon walks the talk,” says Beck. “He's out here with us all the time. There is absolutely no “disconnect” between head office and the field. When Marlon and Andy brought PQI to work with us, we went from really great to truly outstanding. And, I tell you what, were on a mission.” Beck displays key performance graphs that show his area working at near peak performance. He points out that PQI's

on-site training helped Beck see what he was doing right and where he could improve.

“We’re fine tuning now, so that not only are we faster, better, and less expensive, but we’re also safer and more environmentally aware. I get resumes from oil people every day because they’ve heard about the way we work. I give Steve Covey’s course a 4 out of 10. I give PQI a 9 out of 10. On-the-job training is the big difference.

PQI’s consultants point out that Beck was already doing a great many things right. “Reg Beck is an outstanding leader, but now he has improved his fundamental business skills. He possesses the tools to measure, target, and improve any aspect of his business.”

Reg Beck and Marlon McDougall emphasize that Northrock’s commitment to safety is renowned in the industry

“We don’t chase safety statistics,” states Beck. “We go after the actions and behaviors that create a safe environment on a daily basis. We don’t take short cuts or make sacrifices. We look after our people.”

“It’s the Northrock way,” agrees McDougall, a professional engineer by training, who PQI claims has “huge leadership potential.”



Grande Prairie
Six hours north of Rocky Mountain House is where Superintendent Ron

Potts runs the Northrock’s Grande Prairie operation. Potts, a family man with three boys, loves to share his notion of PQI’s contribution.

“There is traction here.” He states flatly. “A lot of the business behaviors we’ve learned from PQI have stuck and they’re going to stick forever.”

“For example, we used to eat breakfast together, me and the foremen, and then slap our foreheads wondering why we didn’t take notes, especially when the ideas started flying.”

“Now when we eat breakfast, we all bring our notebooks and we create action plans. Our ideas get captured and we remember to follow-up on them. It’s a small improvement that’s already paid big dividends.”

“What PQI has brought to me and my team is more effective analysis to our opportunities, better planning to our action plans, and more involvement of all the people on the team.”

“Head office heard our call and provided a way to give us the leadership skills we needed. Business is different around here now. Our projects progress faster, our people are better supported, and they’re just soaring,” says Ron.

“I’ve changed a lot on a personal level,” continues Potts. “I used to think a good day was solving as many problems as I could. PQI has helped me see how rewarding it is to help people solve their own problems by giving them the support and resources they need.”

Leadership in Action

“I love seeing the light go on behind someone’s eyes,” continues Potts. I understand how what great leadership is all about. Mentoring my staff and seeing them improve is the best part of my job.

Reg Beck points out that while many of Northrock’s initiatives were well on their way before PQI arrived, PQI’s work helped provide the foundation for creating a continuous improvement environment.

“We were on the right track, and PQI help us fine-tune our ideas into specific projects and actions. He helped us break down some of our broad goals into clear action plans.”

“From a business point of view, we now have an optimization mentality - we’re constantly supporting behaviors that show involvement, creativity and a passion for improvement.”

Marlon McDougall says “Reg Beck identified an employee who kept bringing ideas to the table, ideas that resulted in significant cost savings, so I drove down and we presented him with a new barbecue as part of our Just-in-Time rewards program.”

“You should have seen the grin on Chester’s face,” says Beck. “Not every idea is going to result in a reward, but we wanted to show our people that we appreciated their effort.”



Continuous Improvement

“It’s the innovative ideas of our people at the ground level of

the business that will incrementally and in some cases radically improve our business practices. There are always ways to do things better, and as a company we want to support those people who are thinking about improvement,” adds McDougall.

“Sometimes it begins with asking a good question,” says McDougall. “Then you step back and really listen. I learned that from the PQI team.”

On the 37th floor, Andy Mah echoes these comments and puts it all in perspective.

“We put our energy in our people. By developing our ‘superstars’ and our ‘role players,’ we are providing our people with important fundamental skills, tools they can use on a daily basis.”

“But at the same time, we’re also preparing ourselves to win at a higher level.”

Cost Cutting

Hah points to cost-cutting behaviors that can lead to big wins.

“You take a cost, and then you ask yourself what are the 10 things that impact that cost? Then you ask yourself what you can influence to reduce that cost?”

“In many ways, it is about asking the right questions.”

“This type of incremental behavior over time can lead to significant gains. If you can get your people to question their actions in a systematic, business like manner, the results will follow.”

Scorecard

Reg Beck sees strong business awareness among his people through the influence of PQI's presence.

"We put things in dollars and cents for our operators. They understand the impacts. They know what the score is."

"From a personal point of view, what I've gained gives me a huge advantage over others in the industry. For this place to be sustainable we understand that we have to work as a team. We're a big company but we have the small company attitude and feistiness."

Foreman Marc Spencer says "I tried to do everything myself at first, now I orchestrate the talents of my team. I trust them. I do a lot more listening. Reg, Marlon, Andy, and the PQI team have helped make it a relaxed, comfortable and high performance working atmosphere."

Ron Potts agrees, "I really wanted some leadership training, but you can't go off on a weekend and come back stamped as leaders."

"I've learned through PQI's guidance about my own style of management,

and how I can support and improve the productivity of others without doing their job."

Reward and Leadership

Andy Mah understands that the rewards of leadership training are not always immediate.

"Things don't happen overnight, and things won't happen if your message isn't absolutely consistent and clear. But I believe that PQI has brought us great value."

"They've engaged us, helped us focus our sights, and how with a little incubation and leadership, Northrock is poised for outstanding growth."

Given the right set of tools and leadership throughout the organization, I'm very confident that our people will rise to the next challenge."

From the oil field to the corporate headquarters, the people at Northrock resources are deeply engaged in the process of continuous improvement. Supported initially by PQI, this dynamic oil and gas company has staked its future on the potential of its employees.

Appendix

Core Beliefs

Andy Mah, Vice President Operations Northrock

1. We believe that Leadership is a business fundamental.
2. We believe in the potential of our technical leaders to grow into business leaders.
3. We believe in a human development strategy that prepares intermediate professionals for operational growth.

4. We believe every event should be a learning event.

Marlon McDougall, Manager of Operations

1. We believe that the best operational decisions happen at the field level.
2. We believe that the doers must become leaders.
3. We believe in a business culture of empowerment.
4. We believe in the wins created by breaking down old operating paradigms.

The PQI Process at a Glance

1. Clarify goals, strategies, and tactics.
2. On the Job Leadership development.
3. Project Planning Strategies.
4. Financial reporting assessment
5. Management by performance metrics.
6. Mentoring and leadership strategies
7. On-Site mentoring and behavior analysis

Rocky Mountain House Metrics Graph Results

